

# Four Questions for Customer Delight

Operational Excellence, Product Leadership, Customer Intimacy — one of these rules them all. Miles Free visited PMPA member, HORN at their headquarters in Germany and returned home with four questions which can be used to determine customer delight.



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I remember fondly when my kids would ask me a paradoxical question like “would you rather be eaten by a shark or burn up in hot lava?” Questions like this help our kids to make sense of the world, especially when they are bumping up against some pretty powerful and unforgiving absolutes — like killer sharks, or hot lava.

As business leaders, we too have our powerful and unforgiving absolutes. Less terrifying than sharks and lava, nevertheless the choice between helping your company become an operationally excellent company as opposed to a company with clear focus on product leadership is a similar paradox. The easy answer — as a thought experiment — is simply, “We can be both!”

If only the real world was like we think it is in our head! Available resources are limited, as is our talent, attention, and the assets that we have as we start our journey. Despite the desire to be both, our decisions inevitably steer our

organizations into excellence either operationally, or product-wise.

Companies

## Does operational excellence lead to product leadership, or vice versa?

with a clear product focus — Johnson & Johnson and Apple — are quite different from companies with an operational focus — think FedEx or Walmart.

This year, I was privileged to attend HORN Technology Days at their campus in Tübingen Germany. It was not my first visit to HORN, and I knew that I would see the very finest operations and technology for product provision deployed. I also knew that they would be demonstrating some amazing products—this trip, my mic drop moment was machining of hardened tungsten carbide. (Machining—not grinding. Yes! It’s a thing!) So, in preparation for my visit, I gave myself

a paradox, much like the shark versus lava question of years ago: Is HORN an operationally excellent company, and does that lead to product leadership, or vice versa? I knew that I would see plenty of evidence for both operational excellence and product quality. How would this question be decided?

Just as my kids asked me their question about death by shark versus lava, I wanted to ask Mr. Lothar HORN how he saw his company — are they focused on operations, or more focused on products? After touring the facilities and watching the demonstrations, the focus on products versus operations battle seemed to be a draw. In the course of our conversations with Mr. Horn, his son Markus, Christian Thiele, and Jason Farthing from HORN USA, I realized that the focus wasn’t on products or operations. The focus was on “customer intimacy” and it was evident in every conversation and presentation that I had at HORN.

Customer intimacy is the culture at HORN. I filled a page with twenty quotes from Mr Horn, his son Markus, and the various presenters over the course of my visit — all of which indicated that customer focus was the driver at HORN.

Here are four questions for Customer Delight (and business success) courtesy of HORN.

- 1) What advantages does it bring to the customer — how does it reduce their cost?
- 2) But will customer pay for it?
- 3) What does the customer need to become more profitable on the part?
- 4) Customer service is first. We must deliver fast. We must deliver.

## Does it bring advantages to the customer, does it reduce cost to customers?

Mr. Horn asked this question himself at the press conference held on the first day of our visit. An example that he gave was HORN’s Type 312 indexable insert. In the 1970’s automotive,

grooving tools were a chunk of carbide brazed onto a piece of tool steel that needed frequent regrinding then painful adjustment when resetting as the regrind changed critical dimensions. The 312 was the first insert made with three useable edges, each of which located perfectly, minimizing setting downtime. Does it bring advantage to the customers? Yes. Does it reduce cost to customers? Yes. To date, HORN estimates it has sold 25 million of its type 312 inserts — that is 75 million cutting edges, and approximately 1,165,071 miles worth of grooves. How they make them, what they are made from, these are mere details supporting the focus on the customer.

**But will the customer pay for it?**

This question is the perfect adjunct to the first question. It is not about doing things ‘just because’ and about instead, asking, “will this bring advantages to the customer?” “Does it help them reduce their cost?” “Will the customer pay for it?” are questions that proves that the difference being made is ‘worth it.’ Offering a coating that delivers 140% increase in tool life — this is something that even the most hardened and skeptical purchasing agent can embrace. Again, customer is the focus.

**What does the customer need to become more profitable on the part?**

In another presentation, Mr Horn said, “It is our mission to create solutions for our customer.” Seeing the mission as dependent on customer intimacy, in other words, you can’t create solutions if you haven’t learned their problems, explains why the HORN people are always ears up, leaning in to hear the customer concerns. The company’s very mission is in serving the customer terms. Do they need

more time in cut? Better chip control? Faster changeover, coolant delivered precisely to the cutting edge, or to deflect the chip? Seeing the world through the customer’s eyes is one more way to achieve business success.

**Customer service is first. We must deliver fast. We must deliver.**

Finally, we get to statements about “How” and “What” is to be done. Here is where the operations part comes in — and yet it is defined in customer service terms. I am personally a strong believer in Peter Drucker’s customer focus. To hear it at HORN “Customer must be center stage. Customer pays our bills. Customer pays our salaries. Customer doesn’t need us — we need them. For us, the customer, and the sales department are most important,” was a refresher of what I had taken to heart, so many years ago while reading Drucker.

Has your company achieved operational excellence? Probably has. Is your company one with product leadership in a given area? I’m sure that it is. But these pale to the fact that it is customer intimacy — knowledge of customer processes, strengths, weaknesses, and problems — that can drive our companies to shared and mutual success and value creation. “Customer Service is first. It is our mission to create solutions for our customers.”

What is your mission? This should be an easier question for you than deciding between killer sharks and hot lava. —

Further reading: Interested in exploring this topic? Harvard Business Review: <http://bit.ly/PM-Aug19>

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**HORN’s 312 insert. Does it bring advantages for the customer?**

